

Message Text

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11

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6334

LIMITED OFFICIAL USE BUENOS AIRES 3233

E.O. 11652: N/A

TAGS: ETRD, PFOR, AR, CU

SUBJECT: FORD SIGNS CONTRACT FOR AUTOMOBILE AND TRUCK SALES TO CUBA;
GENERAL MOTORS SEEKING SIMILAR AGREEMENT

REF: A. BA 2945 B. BA 2040

1. BEGIN UNCLASSIFIED. FORD MOTOR ARGENTINA SIGNED CONTRACT IN PUBLIC CEREMONY APRIL 30 WITH OFFICIAL CUBAN TRADING COMPANY TRANSIMPORT FOR DELIVERY OF 3,000 FORD FALCON AUTOMOBILES AND 1,500 F-7000 HEAVY TRUCKS OVER NEXT THREE YEARS. FINAL VALUE OF CONTRACT WILL VARY BETWEEN US\$27 MILLION AND US\$30 MILLION, ACCORDING TO PRESS ACCOUNTS. FORD WILL ALSO PROVIDE TECHNICAL SERVICES, SPARE PARTS, AND WARRANTY FOR SERVICING OF VEHICLES AFTER DELIVERY. FIRST SHIPMENTS EXPECTED IN JUNE 1974, WITH TOTAL SHIPMENTS DURING CY 1974 PROJECTED AT 1,000 FALCONS AND 500 TRUCKS.

2. MINISTER OF ECONOMY GELBARD ATTENDED CEREMONY, TOOK OCCASION TO REFER TO EARLIER STATEMENT BY FORD CHIEF EXECUTIVE COURARD (REPORTED REF A) THAT FORD ARGENTINA
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WOULD HAVE CONCLUDED CONTRACT WHETHER OR NOT WAIVER HAD BEEN

GRANTED BY USG. AS IN SIMILAR APRIL 23 CONTRACT SIGNING CEREMONY FOR CHRYSLER-FEVRE (SEE REF A), GELBARD PRAISED COMPANY, STRESSING ITS DEMONSTRATED WILLINGNESS TO COMPLY WITH ARGENTINE LAW AND DEVELOPMENT PROGRAMS. END UNCLASSIFIED

3. BEGIN LIMITED OFFICIAL USE. GENERAL MOTORS ARGENTINA APPARENTLY STILL HAVING DIFFICULTY REACHING AGREEMENT WITH CUBANS ON PRICE. GM GENERAL MANAGER ANTONIO MICHELENA INDICATED TO EMBOFF ON APRIL 29 THAT COMPANY COULD NOT AFFORD TO BE LEFT OUT AFTER OTHER TWO US FIRMS HAD CONCLUDED SALES AGREEMENTS, AND WOULD ARBITRARILY REDUCE QUOTATIONS IF NECESSARY TO REACH ACCORD. TRANSACTION THUS APPEARS ALMOST WHOLLY POLITICAL FROM GM'S POINT OF VIEW. MICHELENA ALSO STATED VOLUME OF POSSIBLE SALES NOT YET FIXED, BUT PROBABLY WILL BE 9,000 UNITS OR LESS, INCLUDING CHEVY AUTOMOBILES AND TRUCKS, OVER THREE YEARS. NUMBERS REPORTED IN REF B REFLECTED EARLIER CUBAN REQUEST FOR QUOTES FOR MOST MODELS PRODUCED BY GM ARGENTINA, WHICH MICHELENA FEELS GREATLY EXCEEDS THEIR ACTUAL REQUIREMENTS. VALUE OF POTENTIAL SALES BY GM THUS SHOULD BE UNDER US\$30 MILLION, AND TOTAL VALUE OF SALES BY ALL THREE US SUBSIDIARIES SHOULD BE BETWEEN US\$87 MILLION AND US\$90 MILLION. END LIMITED OFFICIAL USE.
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